



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

MINUTES

REDEVELOPMENT COMMISSION

March 22, 2016

Members Present:

Bob Heuchan	President
Richard Wertz	Vice President
BJ Deppe	Secretary
Paul Buening	Member
Keith Fox	Member
Danny Vaught	School Board Representative

Others Present:

Krista Linke	Director of Community Development
Julie Spate	Recording Secretary
Rob Schafstall	Legal Counsel

Call to Order:

Bob Heuchan called the meeting to order at 8:00 a.m.

Old Business:

None.

New Business:

Resolution 2016-14B: King Street Reconstruction between Forsythe Street and Edwards Street

City Engineer Travis Underhill reported bids received on the King Street west of Forsythe project. The low responsive bid was \$491,276.94. The resolution is written for \$540,000 which would cover any unexpected issues that arise, especially with the age of some of the downtown roads. Mr. Heuchan asked what the original cost projection was. Mr. Underhill explained being around \$75,000 under budget based on the bids. Richard Wertz made a motion to pass this resolution. Keith Fox seconded. Mr. Heuchan called for any public or board discussion. Krista Linke highlighted that it is listed on the monthly financial report for projects funded through the TIF bond. It's budgeted as the design for \$114,500 and estimated cost for reconstruction assigned was \$775,000. With bids in, real numbers can now be plugged in. The motion passed.

Resolution 2016-15B: Garment Factory – Wayne Street Reconstruction Project

Mayor Joe McGuinness brought a brief update that last night at Board of Works a design contract was signed with Crossroad Engineers for the road and parking lot. Part of the funding mechanism for the road and infrastructure improvements on this project is House Bill 1001 scheduled to be signed by the governor tomorrow at 11:30. Those dollars should be distributed in May. Mr. Heuchan explained the process and identified project representatives in attendance. Mr. Fox asked when the cost of the parking lot comes into play and who's involved. Mayor replied that that is part of the design contract

signed last night and some funding coming from the aforementioned house bill. Discussions with police, fire and sheriff departments are taking place about using the properties for training purposes. Both Franklin and sheriff SWAT teams are very interested. Mr. Fox stated his excitement and support for this project but also a desire to see as much protection as possible in the structure part of the project as the process moves forward. Mr. Wertz cited in the past having a mortgage or some sort of security that the project will be completed. He asked if RDC were to have a second position on the loan whether that would affect the project in any way. Mayor McGuinness believes it would. Mr. Schafstall asked what security or collateral the RDC has without a mortgage. Mr. Heuchan clarified that this will be under an economic development agreement and it could stipulate for any unforeseen circumstances causing an interruption or cessation to the project. Mr. Schafstall gave old city hall as an example which included a first position mortgage, life insurance and developers' financial commitments. Mr. Heuchan thought other situations such as Elks and Old Post Brewery were unique as they were properties owned by the RDC. Mr. Fox summarized the concern being that the city's \$1.4 million is expended first and if something should happen to the project, what security position does the city have to get at least some of those funds back. Mr. Heuchan reminded of his disclosure that his bank could be involved in this project as a first mortgage but not a second. Mr. Heuchan thought Mr. Wertz's recommendation was a mortgage with a sunset clause to insure the completion of the project. Mayor McGuinness reported Todd Bemis's willingness to secure life insurance policies and also a second mortgage as long as it doesn't affect either the first mortgage with the bank or funding. Mr. Schafstall asked who is going to purchase the properties. Todd Bemis responded that Bemis Group will purchase and expect to be reimbursed. Mr. Schafstall, in an effort to identify steps to this process, broke out one step of turning real estate with homes into a parking lot and reconstructing Wayne Street which is becoming a BOW project with no RDC funding at this point. Todd Bemis confirmed and identified their need to execute their contracts under the timing they have for the garment factory project. Bemis Group in turn is trusting the city to build a parking lot. Mr. Schafstall addressed the next piece of the reimbursement to Bemis Group by RDC as soon as possible for the Double Cola and Garment Factory buildings. Mr. Schafstall identified the third section as the rehab of the Garment Factory. Mr. Schafstall suggests a partnership with the FDC to do as a grant for commercial rehab. The Mayor added excluding any design standards. Mr. Schafstall explained that the FDC currently has design guidelines that it likes to see on all its funded projects and the developer is concerned that they may be too restrictive or costly. Mr. Fox confirmed that it is the commitment of Bemis Group to restore the Garment Factory as close as possible to its original look within cost constraints. Mr. Heuchan summarized that the Bemis Group is doing everything as historically accurately as possible. Mr. Wertz asked what the problem with RDC is when it is a clean transaction with a building and a payment. Mr. Schafstall responded that RDC has legal authority to make purchases of real estate and personal property. He advises to structure the deal so that RDC is buying something and not just cutting a check. Mr. Schafstall distributed an outline of the correct legal flow to this process. He explained the normal process to be the acquisition of the real estate and then to dispose of it. The real estate acquisition includes securing two confidential appraisals. No more than the average of the appraisals should be paid, but if so, a resolution must be made. The project has to be verified as within the economic development plan and there must be a proper appropriation. To dispose of it, it must be publicly communicated that there is a redevelopment project wanting to be done, asking if anyone wants to purchase subject to the terms of the economic development agreement. Personal property purchases is a different process. Mr. Wertz clarified this as a 30 to 60 day process. If no one bids on it, 30 days later it can be disposed of to the Bemis Group. Mr. Schafstall responded that Bemis Group can go ahead and purchase. Mr. Heuchan added that option B is FDC. Mr. Schafstall explained that this identified process applies only to real estate. Personal property and building rehab is a different process. This process can be bypassed by making a grant to a neighborhood development corporation such as the FDC for rehab of commercial buildings. There is

\$302,000 budgeted for Garment Factory renovations. The simplest legal way to accomplish this is for the RDC to grant those monies to the FDC and have the FDC make an economic development agreement with the Bemis Group. Ms. Linke asked if these are the economic development agreement details not before the commission today. The appropriation of funds is what is on the agenda at this meeting. Mr. Fox confirmed that this process doesn't slow down the Bemis Group's property acquisition and asked if it meets with agreement. Mr. Todd Bemis said no as the timing is not what was discussed. He will need to have legal counsel look it over for them since it has just come up this morning. Mr. Schafstall said it was talked about when they met previously and Mr. Todd Bemis said these timeframes were not discussed. Mr. Schafstall explained these to be the timeframes that only apply to getting Bemis Group taxpayer money, not to the purchase of real estate. Mr. Todd Bemis responded that he has been securing funds for the Garment Factory which is not the same cost as the five other properties, so now he must go back and secure loans to get the other properties closed. Mayor McGuinness asked how other communities outside of Franklin can enter into a public/private partnership without having to go through a formal RFP/RFQ process. He is very concerned about legal notices, appraisals and RFP process after this has been covered in local media. Indianapolis tv, IJB and other mayors across central Indiana. There will likely be other developers besides Bemis interested in this project that have been vetted out over the last 18-24 months that he has met with. Mr. Schafstall expressed his attempt to protect volunteers who are responsible for taxpayer monies and according to Indiana standards. Mr. Heuchan asked about the process even though it is bond monies. Mr. Schafstall reminded that you have to purchase actual property, not just cut a check. Mr. Todd Bemis asked why the city would buy the real estate from the Bemis Group. Mr. Schafstall suggests Bemis buy the land, RDC buy it back and gives it to Bemis for \$1.00. Mr. Wertz didn't think we did this on other projects but Mr. Schafstall said we did, citing specifically Old Post and Elks. Mr. Fox asked if this couldn't just be an FDC project entirely. Mr. Schafstall didn't think this the best way. FDC is for a rehab of commercial property. Mr. Fox responded that that is what this project is, and Mr. Schafstall confirmed that at least parts of the project qualify. Mr. Fox would like to explore whether this can be a rehab project through FDC rather than a property acquisition project through RDC. Mr. Wertz asked if it the resolution as presented was approved, it wouldn't go through the four steps presented by Mr. Schafstall. Mr. Schafstall recommends RDC go through the proposed steps. Mr. Heuchan said the RDC could vote today without obligation to any other parties to move ahead at this point. Mr. Schafstall confirmed. Mr. Fox expressed the main concern of closing on the properties. Mr. Schafstall suggested approving the \$1.4 million resolution and appointing someone to work with Mr. Schafstall on the economic development agreement. Mr. Fox expressed his willingness to be involved in that process. Mr. Wertz asked how this affects the speed of demo and the completion for the fall/winter season. Mr. Todd Bemis would have to go back and review the proposed schedule and funding. Mr. Wertz asked if this can start this week or weekly as needed. This was confirmed that it could. Mr. Wertz supports the project and moving forward legally but expeditiously. Mr. Heuchan explained another meeting to approve the terms of the economic development agreement. Mr. Schafstall stated not being able to move faster than is legally possible. Mr. Heuchan identified the group being caught off guard with this today. Mr. Heuchan asked the mayor what he would like to see done today. He suggested to approve the funding of \$1.4 million subject to terms of the economic development agreement.

Mr. Fox made a motion to approve the resolution. Mr. Wertz seconded. Mr. Deppe asked if the motion included being subject to the economic development agreement, and Mr. Fox affirmed it did.

Bill Green asked if studies have been done for parking of 500 citizens coming to events. He also asked if notice has been given to Wayne Street residents. Mr. Bemis responded about parking options they've

considered. Mr. Green asked if this is in the TIF area. Ms. Linke confirmed it is. Mr. Green questioned the speed with which ideas are come up with.

Joe Class expressed support for this project and a legal fast track timeline.

The motion passed unanimously.

Mr. Heuchan thanked Mr. Fox for his willingness to be involved in this project.

Mr. Wertz asked if it is possible to develop a schedule to expedite this project. Mr. Schafstall confirmed it is and recommended making a motion to secure two appraisals for the real estate involved. Mr. Wertz moved for RDC to secure two appraisals for all properties involved in the project. A second was made by Mr. Deppe. The motion passed unanimously.

Mr. Wertz asked when this can start. Mr. Fox will coordinate with Mr. Schafstall to start now. Mr. Deppe asked if a meeting is needed next Tuesday morning, Mar. 29, 8:00 am. Mr. Heuchan confirmed.

Other Business

Public Comment and Announcements

There being no further business, the meeting was adjourned at 8:59 am.

Respectfully submitted this 19th day of April, 2016.

Bob Heuchan, President

BJ Deppe, Secretary